

# 86<sup>th</sup> Annual General Meeting

24 November 2020

Mr. Robert Millner  
Chairman

Mr. Lindsay Partridge  
Managing Director

**BRICKWORKS**

Welcome to the Brickworks Limited 2020 Annual General Meeting.

My name is Robert Millner and I am your Chair.

We have a quorum and I am pleased to declare the meeting open.

I am delighted to be able to also extend a warm welcome to our shareholders who are participating through our online meeting platform.

I would like to start by introducing my fellow directors. Speaking from the room shortly is:

- Mr Lindsay Partridge, the Managing Director.

Attending in the audience are:

- Mr Michael Millner, the Deputy Chairman;
- Mr Robert Webster;
- Ms Deborah Page;
- Ms Robyn Stubbs;
- Mr Brendan Crotty; and

- Mr Malcolm Bunday.

Also attending is the Company Secretary, Susan Leppinus, the CFO, Robert Bakewell and representatives of our auditors and lawyers, Anthony Jones of Ernst & Young and David Friedlander of KWM.

Justin Robinson of Computershare Investor Services will act as returning officer for the purposes of conducting and determining the results of the poll.

The notice of meeting was made available to all shareholders. Copies are also available on the ASX company announcements page and our website.

I take the notice of meeting as read.

Today

## Agenda

Chairman's Address 01

MD's Address 02

Questions 03

Formal Business 04

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Now to the agenda for today's meeting.

After I have completed my overview, Lindsay will give the Managing Director's Address, including a review of Investments, Property, and our Building Products businesses in Australia and North America.

Following this, shareholders will have the opportunity to ask questions.

We will then proceed to the formal part of the meeting.

# Chairman's Address

Section 01

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## FY2020 Overview

### Statutory NPAT up 93% to \$299m

Includes \$169 million profit from significant items & \$17 million loss from discontinued operations

### Underlying NPAT down 38% to \$146m

Good progress on sustainability and workplace safety

Property Trust value increasing, strong structural tailwinds

US brick expansion on track

Australian Building Products performance resilient

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2020 will long be remembered as a year unlike any other. As with all businesses, Brickworks has faced the challenges and uncertainties presented by the global COVID-19 pandemic. However, we must not forget the local impacts of the devastating bushfires over summer and the crippling drought on the east coast of Australia.

In spite of these circumstances, it gives me pleasure to report that the Company has delivered a strong financial result, with statutory profit up by 93% to \$299 million.

The Statutory result included a significant one-off profit in relation to our shareholding in WHSP. After excluding this, and other significant items, the underlying NPAT was \$146 million, down 38% from the record result achieved in the prior year.

The contribution from Property was again a standout, with strong demand for our prime industrial land driving a significant increase in the value of our portfolio.

I was also pleased with the performance of our building products businesses during the year. Demand in Australia remained resilient, and our US brick expansion strategy remains on track.

And pleasingly, we have made good progress on our sustainability strategy and workplace health and safety outcomes, both of which Lindsay will discuss in more detail in his address.

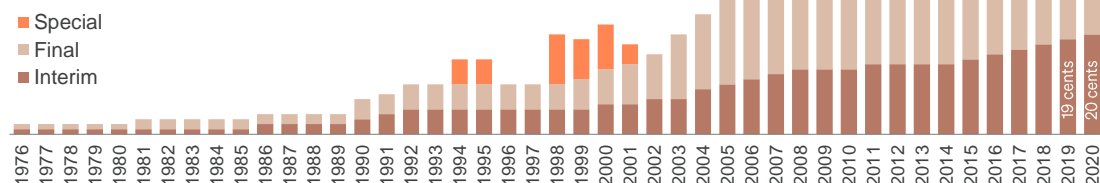
## Consistent Dividend Growth

Brickworks normal dividend has been maintained or increased since 1976

### Brickworks Dividend History

Cents per share

- 39 cents per share fully franked final dividend, up 3% (Record date 15 October, payment 25 November)
- 59 cents total full year dividend per share, fully franked
- Long history of dividend growth
- 44 years since normal dividends last decreased (1976)
- Dividend re-investment plan in place for final dividend



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A fully franked final dividend of 39 cents per share is payable to shareholders tomorrow. This takes the full year dividend to 59 cents per share, up 4%.

We are proud to be one of very few ASX200 companies who have increased dividends to our shareholders during the pandemic and have not needed to raise equity or receive government support payments. Including this year's dividend increase, we have now maintained or increased normal dividends for the last 44 years.

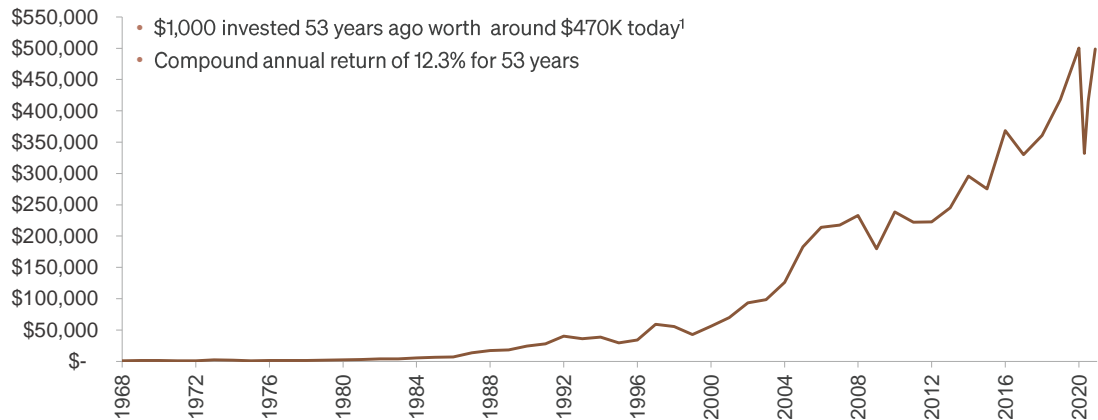
Based on our current share price, the full year dividend represents a grossed-up dividend yield of around 4.5%, including the benefit of franking credits.

This year we took the decision to introduce a partially underwritten dividend reinvestment plan for the full year dividend. This provided existing shareholders with the opportunity to invest their dividend back into the Company, without incurring brokerage fees. It will also help to preserve the Company's liquidity position as we move through a period of significant capital investment and uncertainty around the global economic outlook.

## Long Term Value Creation

Brickworks has created significant shareholder value over the long term

Value of \$1,000 invested in 1968 (at the time of the initial investment in WHSP)



1. As at the close of trading on 20 November

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In addition to dividend growth, Brickworks also has a strong history of total value creation.

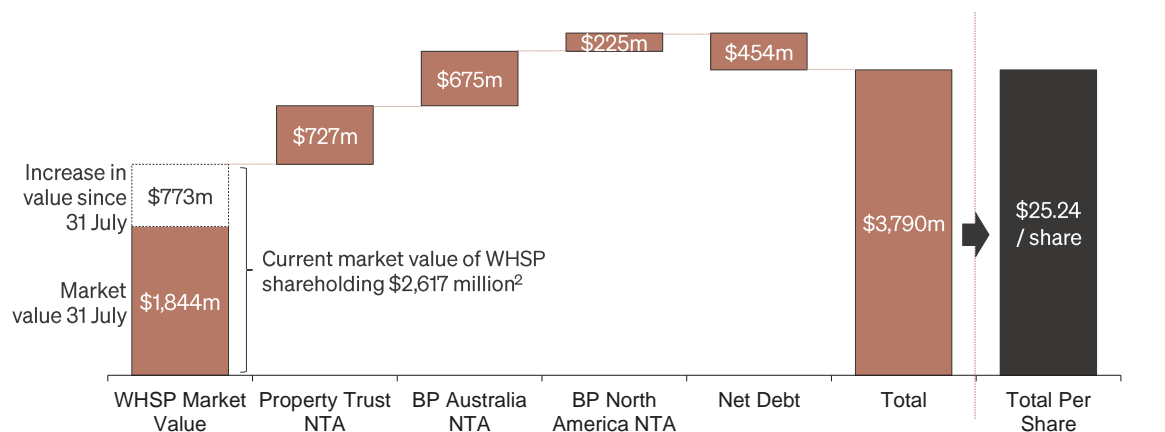
Based on the share price at the end of last week, the Company has delivered shareholder returns of over 12% per annum since the initial investment in WHSP 53 years ago, incorporating both dividends and share price appreciation.

This means that \$1,000 invested in Brickworks in 1968 would be worth around \$470,000 today.

## Asset Backing

Brickworks current inferred asset backing is over \$25 per share

### Inferred Asset Value<sup>1</sup>



1. Asset values as at 31 July 2020, except the market value of WHSP, updated as at the close of trading on 20 November. Building Products NTA includes AASB 16 (Leases) right-of-use assets  
 2. Based on a cost base of \$3.44 per share, capital gains tax of around \$688 million would be payable if Brickworks sold its entire shareholding in WHSP at the current market price

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Brickworks has a strong portfolio of diversified businesses, consisting of:

- Our investment in WHSP, with a current market value of \$2.6 billion;
- A 50% share of an industrial property trust, with a net asset value of \$727 million;
- Building Products in Australia, with net tangible assets of \$675 million; and
- Building Products in North America, with net tangible assets of \$225 million.

Currently, the total inferred asset backing is almost \$3.8 billion, after including our net debt of \$454 million. This is based on asset values as at the end of the 2020 financial year, and updating for the current market value of WHSP.

On a per share basis, the asset backing equates to over \$25 per share, providing solid support for our share price.

It is worth noting that the Building Products asset value includes some parcels of surplus land, currently held at book value, but with a significantly higher market value.



## Board Governance

- During the year we appointed two new independent non-executive directors
  - Malcolm Bunday joined on 1 October 2019
  - Robyn Stubbs joined on 1 January 2020
- Brendan Crotty will retire following today's AGM
  - Brendan has served on the Board for twelve years, and in that time has made an invaluable contribution to the Company
- Following these changes, the Board will comprise seven directors, including four independent non-executive directors

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During the year we appointed two new independent non-executive directors.

Malcolm Bunday joined the Board on 1 October 2019. Malcom has valuable experience as a managing director, with expertise in complex manufacturing operations in Australia and the United States, strategy, mergers and acquisitions and business portfolio management. Malcolm is Chair of the Board's Remuneration Committee, and a member of the Audit and Risk Committee, Independent Board Committee and the Nomination Committee.

We were also pleased to welcome Ms Robyn Stubbs, who commenced as a Director on 1 January 2020. Robyn's executive career spans 25 years in senior sales and marketing roles, including at two of Australia's largest property groups: Stockland and Lend Lease. Robyn is a member of the Board's Audit and Risk Committee, Independent Board Committee, Nomination Committee and the Remuneration Committee.

I'd also like to take this opportunity to thank Brendan Crotty, who will retire following today's Annual General Meeting. Brendan has served on the Board for twelve years, and in that time has made an invaluable contribution to the Company.

Following the appointments of Malcolm and Robyn, and the retirement of Brendan, the Board will comprise seven directors, including four independent non-executive directors.

I will now hand over to Lindsay for the Managing Director's address.

# Managing Director's Address

## Section 02

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Thank you Chairman. Good afternoon ladies and gentlemen.

As the Chairman mentioned, 2020 has been a year like no other, however despite the many challenges we have faced, it gives me great pleasure to report that Brickworks has had another successful year. As well as delivering strong financial results, we have also made significant progress in the implementation of a range of strategic initiatives to position the company for further growth.

## Impacts of COVID-19

Brickworks was well-prepared prior to the onset of the pandemic, and has been resilient throughout

- Government-imposed shutdowns in March impacted manufacturing plants in Pennsylvania
- In subsequent months, several additional plants in Australia and the United States were taken offline to preserve cash and control inventory
- \$10 million in COVID-19 related costs recorded as a significant item – primarily related to plant closure costs
- Building products demand remained relatively resilient
- No impact on Property Trust rental collections
- A range of initiatives implemented through COVID-19 period, including staff training, product development, digital investment
- Ambitious capital program maintained and plant rationalisation activities accelerated
- No government support payments received<sup>1</sup> or equity raise required
- Brickworks retains a strong balance sheet with gearing of 19%, and significant financial headroom

1. Excludes a tax benefit that Brickworks is eligible to receive in relation to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in the United States of America

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But before I talk about the many achievements over the year, I will take a moment to discuss the specific impacts of COVID-19.

From an operational point of view, manufacturing was able to continue across most sites, albeit with strict protocols in place to ensure the health and safety of our teams. The only government-imposed shutdowns of manufacturing operations were in Pennsylvania, where we have five brick plants. These restrictions were in place for a short period during March.

Whilst other plants in the United States and Australia were shut-down for various periods, these were Company decisions, primarily to preserve cash and control inventory.

In our financial accounts, we recorded \$10 million in COVID-19 related costs as a significant item. This relates primarily to these plant closure costs.

On a more positive note, demand for our building products remained resilient during financial year 2020.

And there has been no significant impact on rental collections within the Property Trust.

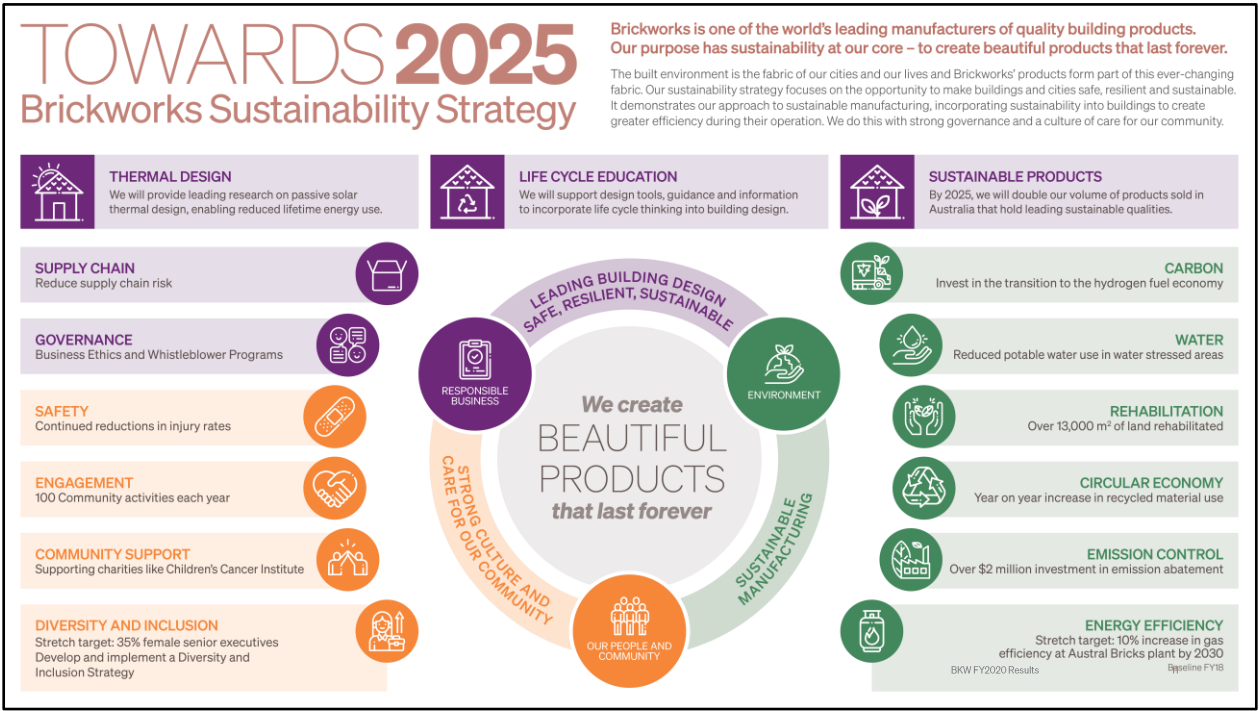
We have been pro-active in taking the opportunity to implement a range of initiatives across the Group during the pandemic. We have increased staff training through extensive use of online programs. We have ramped up product development initiatives and invested in improving our digital presence.

In the United States, in response to the forced shutdowns, we made the decision to accelerate our plant rationalisation activities that were already planned.

Following an initial pause, we re-initiated our ambitious capital program and I will talk about some of our exciting projects later.

Overall, Brickworks' diversified portfolio of attractive assets, and strong balance sheet have allowed the Company to successfully navigate the pandemic, without receiving any government support payments or undertake a dilutive capital raising.

At the end of the financial year, Brickworks retained a strong balance sheet with gearing of 19%, and significant headroom within all banking covenants.



# FY2020 Sustainability Highlights

Brickworks is committed to social and environmental responsibility and continues to make progress against sustainability targets

12%

Total reduction in carbon emissions (AUS)

9%

Total reduction in energy consumption (AUS)

27%

Female leadership representation, up from 7% in 2015

\$4 million

Children's Cancer Institute total partner value since 2002

Modern Slavery and Supplier Code of Conduct policies developed

First modern slavery report to be published in FY21

Record low injury rates

Across Australia and North America

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We are achieving pleasing progress across many aspects of sustainability. During the year we rolled out our improved Environmental Management System in Australia and the United States.

We have consistently reduced carbon emissions over many years, through a range of initiatives including investment in fuel efficient kilns, product redesign and utilisation of alternative fuels such as landfill gas.

In 2020, carbon emissions across our Australian operations continued their downward trend, with a 12% decrease on the prior year.

We also continue our focus on inclusion and diversity. Gender diversity has significantly improved, with 27% of the Senior Executive team being female. This compares to 7% in 2015.

Brickworks is active in the community and has a long-standing partnership with the Children's Cancer Institute, having made direct and indirect contributions of over \$4 million since 2002.

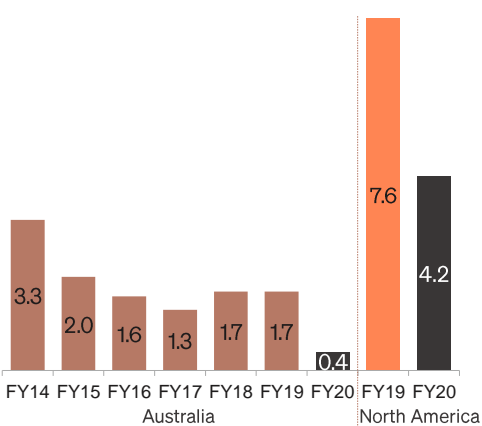
During the year Brickworks also formed a sustainable supply chain working group, developed a Modern Slavery Policy and Supplier Code of Conduct.

# Safety

Good progress on workplace safety across Australia and North America

- Record low injury rates achieved in Australian operations
  - 1 lost time injury translated to a lost time injury frequency rate of 0.4
- Additional health and safety initiatives are being implemented in the United States to improve performance
  - Injury rates are currently higher in acquired US operations
  - 6 lost time injuries translated to a lost time injury frequency rate of 4.2

Total Lost Time Injury Frequency Rate  
Injuries per million work hours



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I am pleased to report that we continue to make steady progress in reducing the number of workplace injuries.

In 2020, the workplace injury rate in our Australian operations reduced again, with just one lost time injury recorded across our workforce. This represents a record low of 0.4 lost time injuries per million hours worked.

The injury rates in our acquired United States operations are considerably higher than Australia. As such, we have invested significant time and resources into behavioural safety leadership training and incorporated key health and safety programs across this business. Although this has helped to reduce injury rates in the United States, there remains more work to do in order to ensure our core value of creating a “Sustainably Safe” workplace is embedded and reflected across all our operations.

We will not be satisfied until we have achieved our ultimate goal of zero harm across the business.

## FY2020 Financial Highlights<sup>1</sup>

Another strong financial result, with statutory profit up by 93%

**\$281<sup>m</sup>**

Underlying EBITDA ↓19%  
(continuing operations)

**\$146<sup>m</sup>**

Underlying profit ↓38%  
(continuing operations)

**\$299<sup>m</sup>**

Statutory profit ↑93%

**\$14.08**

Net tangible assets / share ↑6%

**98 cents**

Underlying EPS ↓38%  
(continuing operations)

**39 cents**

Final Dividend ↑3%  
fully franked

1. Note: Comparative numbers for FY19 have not been re-stated to take into account the impact of AASB 16 (Leases)

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Moving now to our financial performance for the year.

Brickworks delivered a strong financial result in 2020, with a statutory profit of a near record \$299 million and an underlying profit of \$146 million.

This translates to underlying earnings per share of 98 cents.

The company recorded EBITDA from continuing operations of \$281 million, down 19% compared to the record earnings achieved in the prior year.

Increased earnings from North American operations were offset by declines across other divisions.

Net tangible assets per share was \$14.08, up by 6% over the year.



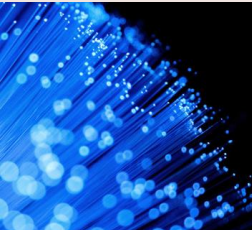
# Divisional Overview

Brickworks has a diversified portfolio of attractive assets across four divisions

## Investments

53% of Group assets

39.4% interest in WHSP, an ASX100 diversified investment house



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## Property

21% of Group assets

Joint Venture Industrial Property Trust with Goodman Group



## Building Products Australia

19% of Group assets

Australia's leading brickmaker + strong positions in other building products



## Building Products North America

6% of Group assets

Leading brickmaker in north east USA



As the Chairman mentioned, Brickworks has a strong portfolio of diversified businesses.

In total we have four divisions, and I will now take some time to provide an overview of each.

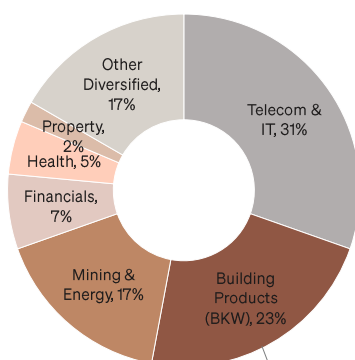
## Investments

WHSP is a diversified investment house that has delivered strong returns over many years

# \$51m

FY20 Underlying EBITDA

### WHSP Asset Exposure



Note: Reported profit from WHSP is based on equity accounting, and excludes that part of WHSP earnings that are attributable to Brickworks

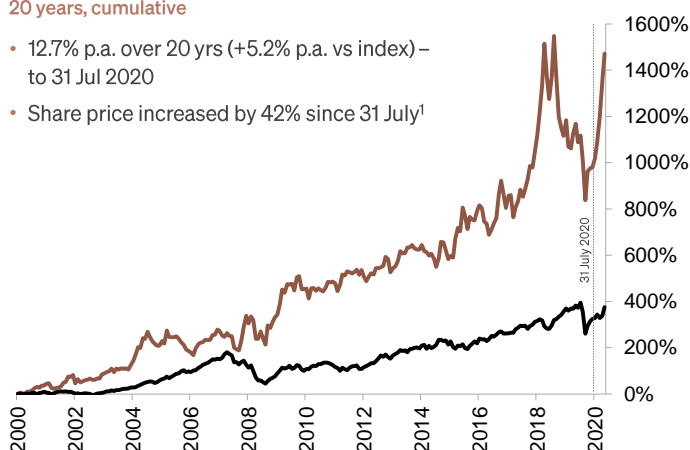
1. As at the close of trading on 20 November

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### WHSP Total Shareholder Return

20 years, cumulative

- 12.7% p.a. over 20 yrs (+5.2% p.a. vs index) – to 31 Jul 2020
- Share price increased by 42% since 31 July<sup>1</sup>



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We hold a 39.4% stake in the ASX100 company WHSP, which has a diversified portfolio of investments in listed and unlisted companies. Major investments include Brickworks, TPG Telecom, New Hope Corporation and Australian Pharmaceutical Industries.

This provides WHSP with a diversified asset exposure, including telecom, IT, financial services, mining, energy and pharmaceuticals, as shown in the chart on the left of screen.

The reported profit from WHSP is based on equity accounting and excludes that part of WHSP earnings that are attributable to Brickworks.

Investments delivered an underlying contribution of \$51 million for financial year 2020, down 51%. The main driver of the decline was the lower earnings from New Hope Corporation as a result of significantly weaker coal prices.

During the year cash dividends of \$56 million were received, in line with the prior year.

Over the long term WHSP has delivered outstanding returns, with annualised total returns including dividends of 12.7% per annum for the past 20 years. This represents outperformance of 5.2% per annum versus the ASX All Ordinaries Accumulation Index.

The market value of Brickworks shareholding in WHSP was \$1.8 billion at 31 July 2020. Since that time the share price has increased by 42%, and as a result the value of our shareholding has increased by almost \$800 million to around \$2.6 billion.

## Property

Property Trust value increasing, strong structural tailwinds

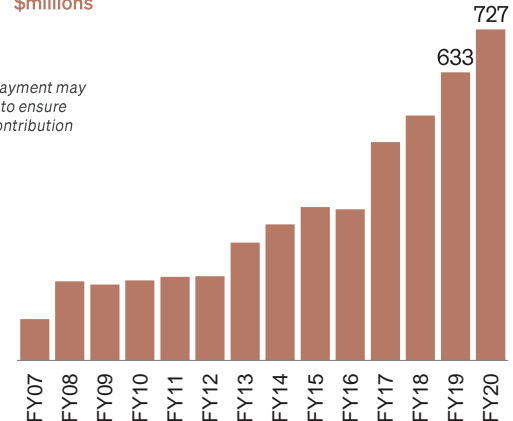
# \$129m

FY20 Underlying EBITDA

### Overview of Property Trust

- The Property Trust was established in 2006 and is a 50/50 joint venture between Brickworks and Goodman
  - BKW provide land (surplus to operations) for development, at market value
  - Goodman fund infrastructure works
  - Pre-lease agreement signed with tenant
  - Facility constructed, funded by debt (with serviced land as security)
- Mutually beneficial partnership
- Prime industrial property in western Sydney and Brisbane
- Total gross assets \$2.1 billion, gearing of 36%
- Structural tailwinds, driven by industry trends to online shopping

### BKW 50% share of Property Trust Assets



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Turning now to Property, which delivered underlying earnings of \$129 million in 2020.

Our property earnings are derived from selling surplus operational land, and through our 50% ownership in a Joint Venture Property Trust with Goodman.

Having grown significantly since its inception in 2006, the Trust now makes up the vast majority of our Property earnings.

The JV Trust structure is based on Brickworks selling surplus operational land into the Trust at market value and Goodman funding the infrastructure works, to create serviced land ready for development. Balancing payments may be required to ensure an equitable contribution towards the value of the fully serviced land.

Once a lease pre-commitment is secured, the serviced land can then be used as security, with debt funding used to cover the cost of constructing the facilities.

The relationship is mutually beneficial, with Brickworks gaining access to Goodman's development expertise and network of customers, and Goodman gaining access to Brickworks prime industrial land.

The total value of assets held within the Property Trust at the end of the year was \$2.1 billion. After including borrowings of \$606 million, total net asset value is almost \$1.5 billion. Brickworks' 50% share of net asset value was \$727 million as at 31 July 2020, up by 15%, or \$94 million during the year.

Since the Trust's inception over a decade ago, Brickworks net asset value has increased at 17% per annum, generating significant value for shareholders.



A major highlight for the year was securing a lease pre-commitment for 20 years with Amazon at the Property Trust's Oakdale West Estate in Western Sydney. This is the second major pre-commitment secured at this site, following the announcement of Coles Group in January 2019.

Amazon is a trillion-dollar market cap company, well known around the world as a symbol of the accelerating trend to online shopping. Securing this tenancy demonstrates how Brickworks is well positioned to benefit from the ongoing ecommerce revolution, with the development an example of the increasing complexity of our facilities, in response to the growing need for automation and innovation from our customers.

In total, the facility has a total floor area of 190,000m<sup>2</sup>, across multiple levels, on a base floor area of 53,500m<sup>2</sup>.

Construction progress at Oakdale West is shown in the photo (as at 10 November). The Amazon facility can be seen in the background and is due to be completed by September 2021.

The foreground shows the major infrastructure works including roadway and bridge to access the site. These infrastructure works will soon be complete, allowing construction of the Coles distribution warehouse to commence early in 2021.

Post completion of these two facilities, the gross assets held within the various Property Trust assets across Western Sydney and Brisbane is expected to exceed \$3 billion. In addition, net rental distributions to Brickworks will increase by more than 25%.

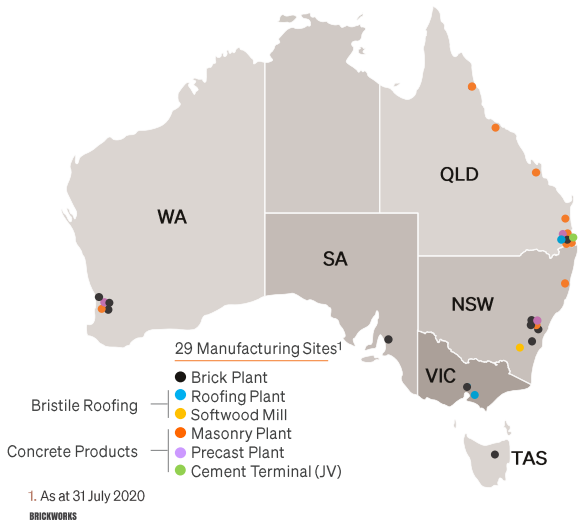
The Amazon and Coles facilities will cover less than 40% of the available area at Oakdale West, providing significant further growth opportunities for the Trust over the next five years.

## Building Products Australia

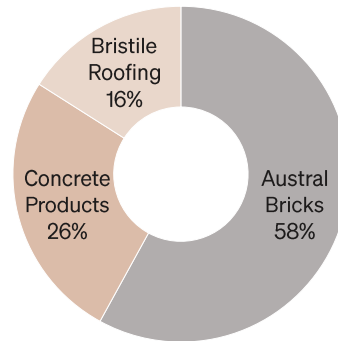
A resilient performance in FY2020, considering the impacts of COVID-19 and cyclical low building activity

# \$91m

FY20 Underlying EBITDA



### Building Products Australia FY2020 Revenue \$687 million



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Building Products Australia is a leading manufacturer and distributor of building products across all Australian states. Since 2000, the Building Products Group has grown from a two-state brick manufacturer, in New South Wales and Queensland, to a diversified national building products business.

In total, Building Products Australia comprises 29 manufacturing sites and more than 40 design centres and design studios across the country.

The portfolio includes:

- Austral Bricks: Australia's largest clay brick manufacturer with significant market positions in every state;
- Concrete Products, comprising Austral Masonry, Austral Precast and Southern Cross Cement; and
- Bristle Roofing.

Building Products Australia delivered a resilient performance during 2020, considering the impacts of COVID-19 and the cyclical low building activity. Revenue from continuing operations for the year was \$687 million, down 9% on the prior year. Underlying EBIT was \$33 million, down 43%, and underlying EBITDA was \$91 million.





A major highlight of the year was the successful commissioning of Southern Cross Cement, our Joint Venture cement terminal in Brisbane. Brickworks holds a 33% interest in this business, alongside our Joint Venture partners, the Neilsen Group and the Neumann Group.

Southern Cross Cement is now providing quality, cost effective cement to Austral Masonry and Bristle Roofing operations in Brisbane, as well as to other Joint Venture shareholders.

Having now unloaded eight ships, we are confident that Southern Cross Cement has a strong cost position, and the lowest capital invested, of all Southeast Queensland suppliers.

## Building Products North America

North American expansion strategy on track

# \$27m

FY20 Underlying EBITDA

### Brickworks North America Plant Footprint<sup>1</sup>



**Glen-Gery**

**Sioux City Brick**  
Since 1913

**Lawrenceville**  
BRICK

1. Additional mothballed plants at Cushwa and Rocky Ridge not shown  
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- Combination of three strong businesses (two bolt-on acquisitions completed during FY2020)
- Market share leadership in key states across Northeast, Midwest and Mid-Atlantic regions
- Portfolio of well recognised, premium brands
- Over 700 employees
- 10 operating brick plants and one manufactured stone plant
  - Brick plants now operating at almost 80% utilization rate (up from 50%)
- Circa 400 million brick sales per annum
- FY2020 revenue AU\$230 million
- Extensive reseller network and company operated retail outlets

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Turning to our newest division, Building Products North America.

In February, Brickworks completed the acquisition of assets from Redland Brick. This marked the Company's third US brick acquisition, following the purchase of Sioux City Brick in August 2019 and Glen-Gery in November 2018.

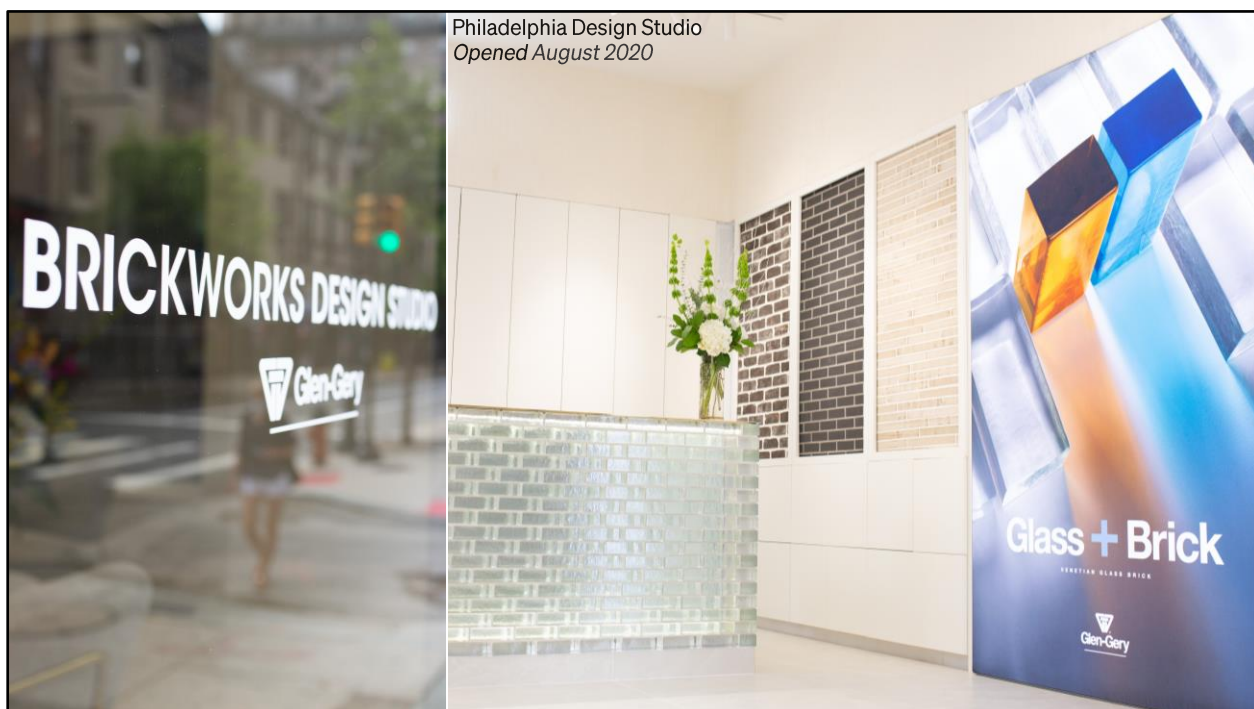
Having now completed 3 acquisitions in the past 2 years, we have quickly established a business of significant scale in North America, able to make a meaningful contribution to Group earnings, and a platform for growth.

Building Products North America now has:

- Market leadership in key states across the Northeast, Midwest and Mid-Atlantic regions;
- A portfolio of well recognised, premium brands;
- Over 700 employees;
- 10 operating brick plants and one manufactured stone plant:
- Annualised sales of approximately 400 million bricks; and
- An extensive reseller network and company operated retail outlets.

On revenue of AU\$230 million, Building Products North America delivered EBIT of AU\$10 million in 2020, up 63% on the prior year. EBITDA was AU\$27 million, an increase of 122%.





Philadelphia Design Studio  
Opened August 2020

Operations in the United States were more significantly impacted by the COVID-19 pandemic compared to Australia, with sales activity across a number of states being restricted for various periods during the second half, and manufacturing restrictions in Pennsylvania being applied in March.

Despite these challenges, operational performance for the year was strong, with unit cost reductions being achieved at most plants.

In addition to the pleasing operational performance, significant progress has been made on post-acquisition integration activities and plant consolidation initiatives to improve efficiency.

Acquired businesses have been fully integrated onto upgraded IT infrastructure, with systems enhanced to deliver improved management reporting. In addition, some changes to the organisational structure have been implemented as a result of the increasing size and scale of the business.

To support our strategy of increasing supply to the high value architectural segment, a design studio in central Philadelphia was opened in August, and is shown on screen. An additional studio in New York City is currently under construction and will open in mid 2021.

## Emerging stronger following COVID-19

# Investing for the future

Brickworks has used the opportunity to accelerate the implementation of a range of initiatives to allow the Company to emerge stronger post the pandemic

Prioritising investment in the Property Trust in response to increasing tenant demand

Investing in our manufacturing plants: the largest capital program in the Company's history

Investing in our products and our customers

Investing in our people: training and development

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Whilst uncertainty remains in relation to the short-term outlook, we are investing for the future and have been pro-active throughout the pandemic to accelerate several exciting initiatives across the Group and position the Company to emerge stronger.

We have prioritised our investment in the Property Trust, in order to meet increasing tenant demand for more sophisticated and higher value facilities.

We are investing in our manufacturing plants. After pausing a number of capital projects to preserve cash during the early stage of the pandemic, I am pleased to say that we have re-initiated the largest capital investment program in the Company's history.

In the United States we are completing major upgrades at Iberia and Hanley in Pennsylvania.

In Australia, construction of our \$75 million Austral Masonry plant in Sydney is well on track for commissioning in 2021.

At Horsley Park, we have demolished the old brick kiln and associated equipment at Plant 2, paving the way for construction of a new \$125 million face brick plant. When complete, this will be the most advanced brick plant ever built.

We are investing in our products and customers. Last month we held "B20", the biggest product launch event in our Company's history, with an exciting range of

innovative new bricks, roof tiles and masonry products.

We are transforming the way we interact with our customers, with a new ERP system currently being rolled out and revamped online and digital interfaces.

And we are also investing in our people. During the pandemic, we have completed an extensive training program across the Company, using online channels.

## First Quarter Update and FY2021 Outlook

### Investments

53% of Group assets

- Strong history of outperformance over the long term and across business cycles

### Property

21% of Group assets

- Development activity at Oakdale West continues at unprecedented scale
- The first facility at Oakdale East (Austral Masonry plant) to be completed this financial year
- Trend towards online shopping, and demand for more sophisticated facilities to drive growth

### Building Products Australia

19% of Group assets

- First quarter earnings well ahead of the prior corresponding period, on steady sales revenue
- Solid pipeline of work for the remainder of FY21, buoyed by government stimulus measures
- Major capital projects on schedule - will improve competitive position in key markets

### Building Products North America

6% of Group assets

- Sales below expectations in the first quarter of FY21
- There remains significant uncertainty in this market, with COVID-19 causing ongoing disruptions to sales activity and manufacturing operations
- Growth strategy remains on track, improved earnings expected once conditions normalise

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24.11.2020

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Looking now at the performance of the business in the first quarter.

The investment in WHSP is expected to continue to deliver a growing stream of earnings and dividends over the long term.

Within the Property Trust, development activity continues at unprecedented scale, fueled by the accelerating trend to online shopping.

I have already mentioned progress at Oakdale West. At Oakdale East, the first facility – the new Austral Masonry plant – is on track to be completed this financial year.

Building Products Australia has made a strong start to the year, with first quarter earnings well ahead of the prior corresponding period, on relatively steady sales revenue. There is a solid pipeline of work for the remainder of FY21, buoyed by the various government stimulus measures currently in place in each state.

In North America, COVID-19 has had an adverse impact on sales and earnings in the first quarter. There remains significant uncertainty in this market, with the current surge in infections across many parts of the United States causing ongoing disruptions to sales activity and manufacturing operations.

Sadly, I have to report that we have a number of our employees with COVID-19,

some of who are in hospital for treatment.

Conditions will not normalise until a vaccine is widely available, and once this occurs, we are confident that our North American operations will deliver improved earnings and growth for many years to come.

# Thankyou

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Before I finish, I would like to acknowledge all staff at Brickworks. Following our US acquisitions, we now have almost 2,000 staff.

Our people are the key to our success, and I am very proud of our team, who have remained positive and committed over this very challenging period.

I would also like to take this opportunity to thank the Board of Directors for their guidance and support during the year. Particularly I'd like to thank Brendan Crotty for his help and support over the past decade.

Finally I'd like to thank all our shareholders, including those attending online today, for your continued support of Brickworks Limited.

I will now hand back to the Chairman for any questions.

# Questions

Section 03

BRICKWORKS



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